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SUBJECT: 2008 INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT FOR AFGHANISTAN

REF: 08 STATE 100992

¶1. SUMMARY: Narcotics cultivation in Afghanistan declined in 2008 by nearly 20 percent, after two years of record highs. Despite the drop in poppy cultivation, however, Afghanistan remained the world's largest grower of opium poppy, with cultivation largely confined to five contiguous provinces in the south of the country near the borders with Pakistan and Iran. The connection between poppy cultivation, the resulting narcotics trade, and funding of insurgency groups became more evident in 2008; nearly all significant cultivation now occurs in insecure areas with active insurgent elements. END SUMMARY

¶2. According to the United Nations Office on Drugs and Crime (UNODC), opium poppy cultivation decreased 19 percent from 193,000 hectares (ha) in 2007 to 157,000 ha in 2008. This was due to a combination of poor weather conditions, decreased opium prices relative to other crops, and improved governance and security in key provinces. Nangarhar province alone shifted from having the second highest area of poppy cultivation in 2007 (18,000 ha) to achieving poppy free status in 2008. This was primarily due to the high-profile law enforcement and incentives campaign implemented by the provincial governor.

¶3. UNODC estimates that Afghanistan produced 7,700 metric tons (MT) of raw opium in 2008, a decrease of six percent from the 8,200 MT produced in 2007. The export value of this year's opium harvest, \$3.4 billion, made up roughly a third of Afghanistan's total Gross Domestic Product (GDP) of \$10.2 billion, which includes both licit and illicit activity.

¶4. Narcotics cultivation in 2008 was largely confined to a small number of insecure provinces with active insurgent elements, and the narcotics industry continues to undermine efforts to establish security, governance, and licit economic activity throughout the country. The anti-government insurgency, most commonly associated with the Taliban, exploits all aspects of the narcotics trade for financial support. In 2008, the UN estimates that approximately \$100 million flowed from the narcotics trade to warlords, druglords, and insurgents. Narcotics traffickers provide revenue and arms to the insurgents, who, in turn, provide protection to growers and traffickers and prevent the Afghan government from interfering with their activities. Because of this symbiotic relationship, it is no coincidence that poppy cultivation is concentrated in the same regions where the anti-government insurgency is strongest.

¶5. Opium poppy cultivation is almost entirely limited to five relatively high-income, agriculturally rich provinces along the Pakistan border: Helmand, Farah, Kandahar, Urzgan, and Nimruz together account for 95 percent of Afghanistan's poppy. Helmand province alone cultivated 66 percent of the country's opium poppy in ¶2008. At the same time, poppy cultivation continues to decline in many of Afghanistan's poorer, but more secure, northern, central, and eastern provinces. In 2008, 18 of Afghanistan's 34 provinces

were declared poppy free by UNODC, up from 13 in 2007 and 6 in 2006.

Nine other provinces cultivated less than 1,000 ha, and could reach poppy free status with relatively little effort.

¶16. These statistics belie the misconception that most farmers grow poppy because they have no economic alternative; in fact, poppy is flourishing in the areas with the richest land and best developed agricultural marketing and distribution networks. Nationwide, UNODC estimates that nearly 10 percent of Afghans were involved in poppy cultivation in 2008, down from 14.3 percent in 2007.

¶17. For the most part, farmers choose to plant opium poppy because it is a profitable, hardy, and low-risk crop. Credit is available from narco-traffickers and the insurgency, abundant manual labor makes harvesting cheap, and it is easy to sell. Economic and development assistance alone is not sufficient to defeat the narcotics trade in Afghanistan; more comprehensive approaches are needed. Alternative development opportunities can yield reasonable incomes, but must also be backed by measures to increase risk to those who plant poppy, traffic narcotics, and aid and abet cultivation and trafficking. An increasing number of provincial governors have shown success in significantly reducing or completely eliminating poppy cultivation in their provinces through determined campaigns of persuasion, law enforcement, alternative development, and eradication.

¶18. The Government of the Islamic Republic of Afghanistan (GIROA) generally cooperates with the international community in implementing its national counternarcotics strategy. However, more political will and effort, at the central and provincial levels, is required to decrease cultivation in the south, maintain cultivation reductions in the rest of the country, and combat trafficking in coming years.

II. Status of Country

¶19. UNODC estimates that Afghanistan cultivated 93 percent of the world's opium poppy in 2008. Afghanistan is involved in the full narcotics production cycle, from cultivation to finished heroin, with drug traffickers trading in all forms of opiates, including unrefined opium, semi-refined morphine base, and refined heroin. Despite the strong increase in terrorist violence, such as roadside bombs, suicide bombings, and attacks on police throughout the country in 2008, the overall Afghan economy continued its brisk growth rate of nearly seven percent annually over the last five years. Improvements to Afghanistan's infrastructure since 2002 have created more economic alternatives to poppy cultivation and enhanced the Afghan government's ability to combat drug trafficking in some parts of the country. These improvements, such as roads and modern communications, can also be exploited by narcotics traffickers. Growing insecurity in Afghanistan's south, where most poppy was grown, impeded the extension there of governance and law enforcement. Narcotics traffickers also exploited government weakness and corruption. Large parts of Afghanistan's best agricultural lands in Kandahar, Urzgan, Nimruz, Farah, and Helmand provinces suffered from Taliban and other insurgent activity.

III. Country Actions Against Drugs in 2008

Policy Initiatives:

¶10. In January 2006, the Afghan government inaugurated an eight-pillar National Drug Control Strategy (NDCS), which articulated a coordinated, nationwide strategy in the areas of Public Information, Alternative Livelihoods, Law Enforcement, Criminal Justice, Eradication, Institutional Development, Regional Cooperation, and Demand Reduction. The NDCS approach is similar to U.S. and UK counternarcotics strategies for Afghanistan. While the NDCS is generally viewed as a sound strategy, the Afghan government has been unwilling or unable to fully implement it and has, in some cases, failed to provide adequate support to provincial leaders who have shown greater willingness to take serious steps to combat narcotics cultivation, production, and trafficking in their provinces. In the latter part of 2008, the Ministry of Interior (MOI) which oversees the Afghan National Police (ANP), and the Ministry of Defense (MOD), agreed to work together to provide security forces to provinces undertaking eradication efforts in ¶2009. This new willingness to work together and provide support to province-led eradication is encouraging, and hopefully will serve as

a model for future operations. The Ministry of Counter Narcotics (MCN), which has direct responsibility for implementation of the NDCS, has less political influence and fewer resources than other government agencies (especially MOI or MOD), and is, therefore, depends heavily on their support to execute the policy. On March 1, 2008, the Afghan Parliament confirmed General Khodaidad Khodaidad as Minister of Counter Narcotics after a delay of eight months, during which he served as Acting Minister.

¶11. Following UNODC's announcement of high poppy cultivation figures in August 2007, President Karzai convened the second annual national counternarcotics conference. This meeting brought together representatives from key Afghan government Ministries, governors from the 17 largest poppy producing provinces, tribal elders, police chiefs, religious leaders, and members of the international community. Afterward, the MCN held a pre-planting season planning session for the 17 governors that focused on the 2008 growing season. The Afghan government instructed provincial and district leaders to launch pre-planting information campaigns to reduce poppy cultivation. The response from governors was uneven. Some governors (notably those in Balkh, Nangarhar, and Badakhshan) developed vigorous anti-poppy campaigns that dropped their poppy cultivation to zero or near zero, while others did little to discourage poppy cultivation. Several governors were unwilling or unable to implement successful poppy reduction programs due to the lack of security and high levels of insurgent activity in their provinces. Throughout the year, the Minister of Counter Narcotics engaged in public information campaigns directed at key narcotics-producing provinces, which included holding anti-narcotics shuras and community councils with senior government officials.

¶12. In mid 2007, the GIROA Policy Advisory Group (PAG) added counternarcotics as one of its key policy pillars. The PAG was formed in late 2006 by the GIROA, in cooperation with the U.S., UK, Canada, the Netherlands, NATO International Security Assistance Force (ISAF), and United Nations Assistance Mission in Afghanistan (UNAMA), to deal with critical issues in the unstable southern provinces of Helmand, Kandahar, Farah, Zabul, Nimruz, and Urzgan. In November 2008, the GIROA agreed in the PAG to a 27,500 hectare national eradication target for 2009, a little more than 20 percent of the expected crop. The GIROA also agreed to arrest high-level traffickers and provide one battalion (600-700 personnel) of Afghan National Army forces as protection for Poppy Eradication Force eradication operations. Despite initial concern that the Afghan forces would be stretched too thin, the Minister of Defense established and trained a Counternarcotics Infantry Kandak (CNIK) brigade, which is scheduled to provide force protection support to the MOI's PEF during the 2009 eradication season.

¶13. The Good Performers Initiative (GPI), a U.S.-UK-funded initiative started in 2006 to reward provinces for successful counternarcotics performance, continued to provide strong incentives to provinces that were poppy free or reduced their poppy production by more than 10 percent from 2007. In 2008, 29 of Afghanistan's 34 provinces qualified for over \$39 million in GPI development assistance projects. To date, the U.S. government has contributed over \$69 million to GPI, while the UK has provided approximately \$12 million. The efficiency of GPI disbursements improved during summer 2008 with the transfer of the GPI fund and administrative responsibilities from the Counter Narcotics Trust Fund (CNTF) to the Ministry of Counter Narcotics. In the past, inefficiencies at the CNTF frustrated governors with delays in approving and implementing GPI projects. As of December 2008, at least \$17 million in GPI funds were awarded by MCN to several provinces. In Nangarhar province, four micro hydro projects that generate electricity for rural villages have been completed with 20 more scheduled to be built in 2009. A watershed development project that will build three small dams to generate electricity and provide flood control for the district is also planned. In Panjshir province, GPI funds have built a greenhouse complex to grow produce during winter and 12 tractors were purchased to rent to farmers during the planting season. MCN is expected to build upon these increases as it gains additional human resources and experience managing the GPI process.

Justice Reform/Criminal Justice Task Force:

¶14. The Afghan government's Criminal Justice Task Force (CJTF) and Counter Narcotics Tribunal (CNT) is a vetted, self contained unit,

which consists of 30 Afghan prosecutors, 35 Afghan criminal investigators, 7 primary court and 7 appellate court judges. The CJTF/CNT is mentored by DOJ Senior Legal Advisors. It uses modern investigative techniques to investigate and prosecute narcotics traffickers under the December 2005 Counter Narcotics Law. The Counter Narcotics Law has Articles dealing with narcotics related corruption and wiretapping which the CJTF has implemented successfully. Narcotics cases are tried by the CJTF before the self contained CNT, which has exclusive national jurisdiction over mid- and high-level narcotics cases in Afghanistan. Under the existing law enacted in 2005, all drug cases from across Afghanistan, which reach certain thresholds, must be prosecuted by the CJTF before the CNT. The thresholds are possession of two kg of heroin, ten kg of opium, and 50 kg of hashish. Since its inception in 2005, the CJTF/CNT has convicted approximately 1,550. From January to August 2008, the CNT had 223 primary court convictions and 251 appellate court convictions. To provide a secure facility for the CNT and CJTF, the United States has funded the construction of the Counter Narcotics Justice Center (CNJC) in Kabul. This facility is expected to open in the late spring of 2009. It includes a 56-bed detention facility, courtrooms, and office space for investigators, prosecutors and judges. Also funded and under construction at the CNJC are an additional 116 bed detention annex and a barracks. There are also plans for a DOD funded narcotics lab to be located adjacent to the CNJC. Once the CNJC facility opens, the United States through INL will fund all operation and maintenance costs for two years. At the end of this two year period it is hoped the GIROA will assume all operation and maintenance expenses.

¶15. The GIROA, with assistance from the U.S. and UNODC, refurbished a section of the Pol-i-Charkhi prison to house 100 maximum-security narcotics convicts. Additional U.S.-funded renovations for Pol-i-Charkhi are planned for 2009. This prison is Afghanistan's largest and is the site of frequent disturbances and unrest due to poor conditions, poor prison management, and lack of resources. Through the Corrections System Support Program (CSSP), the United States is helping to improve the corrections system with training, capacity-building, and infrastructure. The CSSP works closely with the U.S.-funded Justice Sector Support Program (JSSP), which has over 60 U.S. and Afghan justice advisors in Kabul and four provinces providing training, mentoring, and capacity-building for Afghanistan's criminal justice system.

Law Enforcement Efforts:

¶16. The number of hectares eradicated nationwide declined from 19,047 ha in 2007 to 5,480 ha in 2008. In 2008, governor-led eradication (GLE) accounted for 4,306 ha, and the PEF, a U.S.-supported, centrally-deployed police unit specifically trained and equipped for eradication activities, eradicated another 1,174 ha of poppy in Helmand and Kapisa provinces. The decreased level of eradication is partly attributable to both the decrease in overall cultivation by 19 percent and the success of pre-planting programs that compelled farmers to self-eradicate or choose alternate crops to poppy. Additionally, the high degree of insecurity in Afghanistan's southern provinces and the lack of GIROA force protection for the PEF hindered eradication operations in the provinces of highest poppy cultivation. For the most part, both GLE and PEF eradication were arranged through negotiations with poppy-growing communities, a practice that reduced eradication's deterrent effect. Even so, eradication-related security incidents, including targeted shootings, mine explosions, and suicide bombings, increased significantly in 2008, resulting in 78 fatalities, up from 17 in 2007.

¶17. Narcotics law enforcement was hampered by corruption and incompetence within the justice system as well as the absence of effective governance in many regions of the country. Although narcotics make up approximately one-third of Afghanistan's GDP, no major drug traffickers have been arrested and convicted in Afghanistan since 2006. In addition, too few high-level drug traffickers served terms in Afghanistan's prisons during 2008.

¶18. In 2003, the Ministry of Interior established the Counter Narcotics Police of Afghanistan (CNPA), comprised of investigation, intelligence, and interdiction units. By the end of 2008, the CNPA had approximately 2,737 of its 3,777 authorized strength, including the 500-member PEF. The U.S. Drug Enforcement Administration (DEA)

has continued its close collaboration with the CNPA to offer training, mentoring, and investigative assistance in order to develop MOI capacity.

¶19. The DEA utilizes permanently assigned personnel at the Kabul Country Office (KCO) and Foreign-deployed Advisory Support Teams (FAST) in Afghanistan. The FAST teams, which consist of eight special agents, one intelligence analyst, and one supervisor, operate in Afghanistan on 120-day rotations and deploy around the country with the Afghan National Interdiction Unit (NIU). During 2007, FAST and the NIU deployed to Herat, Farah, Helmand, Kandahar, Kunduz, and Nangarhar Provinces to conduct operations.

¶20. From October 2006 through December 2008, KCO/FAST reported the following seizures: 4.099MT of heroin, 2.448MT of opium (which converts to 244 kg of heroin), and 238.935MT of hashish. During the same period, the CNPA/NIU also destroyed 17 drug labs. The CNPA seized 1,012 kg of solid precursor chemicals and 592 liters of liquid precursors. The CNPA/NIU also reported 75 arrests for trafficking under the provisions of the Afghan Counter Narcotics law where possession of 2 kg of heroin (or morphine base), 10 kg of opium, or 50 kg of hashish mandates automatic jurisdiction for the Counter Narcotics Tribunal.

¶21. During 2008, the Afghan government, with DEA training, mentoring and support, made significant progress in developing its three specially vetted units: the National Interdiction Unit (NIU), the Sensitive Investigative Unit (SIU), and the Technical Intercept Unit (TIU), to investigate high-value targets. These units gather judicially authorized evidence under Afghanistan's Counternarcotics Law and prosecute them through the Afghan legal system. Personnel in these units are recruited from a wide variety of Afghan law enforcement agencies and have to pass rigorous examinations. During 2008, the NIU was capable of conducting its own operations, including requesting and executing search and arrest warrants, while the SIU was able to independently initiate and complete investigative and undercover cases. The TIU continued to build its capacity during 2008, and with limited judicial intercepts in December 2008, will be capable of conducting judicial wiretaps in the near future.

¶22. The aim of these specialized units is to have the cases and investigations developed based on judicially gathered evidence from the SIU and TIU culminate in the issuance of arrest and search warrants executed by the NIU. The investigations conducted by the SIU and NIU with DEA assistance are being prosecuted at the Counter Narcotics Tribunal through the Criminal Justice Task Force, which consists of Afghan prosecutors and investigators mentored by experienced Assistant U.S. Attorneys and U.S. Department of Justice Senior Trial Attorneys. The CJTF mentors have also been working with the Afghan authorities to create a formal legal process to gain authority for controlled deliveries of narcotics to trafficking suspects.

¶23. During 2008, Afghan authorities assisted Department of Justice senior prosecutors in removing narco-terrorist Khan Mohamed from Afghanistan and delivering him to the U.S. District Court for the District of Columbia, where he was convicted on the charge of narcotics distribution and the precedent-setting charge of narco-terrorism. He had been arrested in Nangarhar Province in October 2006 and agreed to be transferred to the United States to stand trial in November 2007. Mohammed was found guilty in May 2008 of drug trafficking and narco-terrorism. On December 22, 2008, he was sentenced to life in prison.

¶24. In October 2008, suspected Afghan narco-terrorist Haji Juma Khan was arrested at Jakarta's airport shortly after his arrival from Dubai. He was transferred to New York, where he will stand trial for producing and distributing large quantities of heroin and giving the proceeds of drug trafficking operations to the Taliban.

¶25. In October 2007, major Afghan trafficker Haji Baz Mohammad was sentenced to more than 15 years in prison for running an international narcotics-trafficking organization that imported millions of dollars worth of illegal drugs into the United States. Similar to the indictment of Haji Bashir Noorzai, an Afghan drug kingpin who was indicted and then arrested in the United States in 2005, Baz Mohammad's indictment also alleged that he was closely

aligned with the Taliban. Mohammad Essa, an insurgency-linked heroin distributor for Haji Baz Mohammad in the United States, volunteered to be transferred to the United States to stand trial in April 2007. Essa pleaded guilty of the charges in 2008 and is awaiting sentencing.

Corruption:

¶26. Although the illicit production and/or distribution of narcotic and psychotropic drugs and other controlled substances is illegal, and the laundering of proceeds from illegal drug transactions is illegal, many Afghan government officials are believed to profit from the drug trade. Narcotics-related corruption is particularly pervasive at the provincial and district levels of government. Corrupt practices range from facilitating drug activities to benefiting from revenue streams that the drug trade produces.

¶27. During 2008, several mid-level Afghan government officials were convicted of narcotics and narcotics related corruption charges. For example, nine public officials, including several Kabul police commanders were convicted in the Central Narcotics Tribunal on charges relating to heroin trafficking. All the men received at least ten-year terms of imprisonment. Additionally, the ANP Commander of Takhar Province was convicted of drug related corruption and intimidation.

¶28. In 2008, President Karzai and the GIROA demonstrated a renewed commitment to fighting corruption by implementing the recommendations set forth by the interagency anti-corruption commission chaired by Supreme Court Chief Justice Abdul Salam Azimi. To this end, two new anti-corruption entities were established: the High Office of Monitoring, which oversees implementation of the Azimi Commission strategy; and a corruption oversight unit within the Attorney General's Office (AGO), which will ensure the AGO functions efficiently, fairly and independently.

¶29. In accordance with the national anti-corruption strategy, the Afghan Parliament passed the Law on Monitoring the Implementation of the Anti-Administrative Corruption Strategy in August 2008. The law increases ministerial transparency and accountability, tightens contracting laws, and increases legal access to information on high-ranking individuals' assets. In addition, President Karzai's October 2008 appointment of Mohamad Hanif Atmar as Interior Minister was a powerful signal that the Afghan Government remains serious about addressing corruption at all levels within the Afghan National Police. Atmar is seen as a professional administrator who has a track record of fighting corruption within the Ministries he has headed.

Agreements and Treaties:

¶30. Afghanistan is a party to the 1988 UN Drug Convention, the 1971 UN Convention, and the 1961 UN Single Convention on Psychotropic Substances. Afghanistan is also a party to the UN Convention Against Transnational Organized Crime. Afghanistan ratified the UN Convention Against Corruption on August 25, 2008. The GIROA has no formal extradition or legal assistance arrangements with the United States, but American mentors are working with the Criminal Justice Task Force to help draft such a law. The 2005 Afghan Counter Narcotics law, however, allows the extradition of drug offenders under the 1988 UN Drug Convention. Haji Baz Muhammad, mentioned above, was extradited to the United States under the authority of the 1988 UN Drug Convention in October 2005. In 2006, however, a similar effort to extradite Misri Khan, a major trafficker, and his associates met with a request from President Karzai that the defendants first stand trial at Afghanistan's Counter Narcotics Tribunal, which subsequently sentenced the defendants to 17 years in prison. The defendants were still incarcerated in Afghanistan as of December 2008.

Illicit Cultivation/Production:

¶31. Based on UNODC data, the number of hectares under poppy cultivation in Afghanistan decreased 19 percent, from 193,000 in 2007 to 157,000 ha in 2008. As a result, opium production decreased 500 MT from 8,200 MT in 2007 to 7,700 MT in 2008 (770 MT of heroin). The opium yield per hectare was the highest in six years, increasing from 42.5 kg/ha in 2007 to 48.8 kg/ha in 2008. UNODC

attributes the high yield to favorable weather conditions in southern Afghanistan where the yield per hectare tends to be higher and where the overwhelming majority of poppy cultivation is concentrated. Consistent with the decline in cultivation, the number of people involved in opium cultivation decreased 28 percent from 3.3 million in 2007 to 2.4 million in 2008 – or 9.8 percent of the total population. Considered in terms of its estimated \$3.4 billion illicit export value, opium represented about one-third of Afghanistan's total GDP (licit and illicit). On the other hand, the portion of narcotics money actually received by farmers was a small share of total GDP: opium poppy sold to traffickers brought in \$730 million at the "farm-gate," accounting for only seven percent of total licit and illicit GDP. Obviously, most small-scale farmers are not receiving the majority of benefits from the opium poppy trade.

132. Poppy is a hardy, low risk crop. High profits, access to land and credit, and trafficker-facilitated access to illicit markets outside of Afghanistan make poppy immensely attractive to farmers in Afghanistan. However, the reduction of poppy cultivation in the poorer northern and central provinces and the explosion of poppy cultivation in agriculturally rich areas such as Helmand and Kandahar provinces, where poppy has displaced wheat and other legitimate crops, disprove the notion that most farmers grow poppy because they have no viable alternatives. Eighteen of Afghanistan's 34 provinces were declared poppy-free by the UNODC in 2008. This compares favorably to the 13 provinces that were declared poppy free in 2007 and six in 2006. Nangarhar province, which went from having the second largest area of poppy cultivation in 2007 (18,000 ha) to achieving poppy free status in 2008, presents a compelling example of the counternarcotics progress a provincial governor can achieve through a combination of persuasion, forced self-eradication and arrests. Governor Sherzai of Nangarhar conducted a potent anti-narcotics campaign throughout the province. The campaign included requiring farmers to sign pledges not to grow poppy and a series of public outreach events to inform tribal, religious and other community leaders about not growing poppy, and promises of development assistance and alternative livelihood programs in areas without poppy cultivation.

133. Governor-led eradication in Balkh province cut opium production from 10,037 ha in 2006 to zero in 2008. Many farmers in Balkh province reverted to planting marijuana, a traditional crop in Balkh. UNODC estimated that 70,000 ha of marijuana were cultivated country-wide in 2007. The final estimates for 2008 are not available as of January 2009 but UNODC estimates that there was a 20-30 percent reduction in cannabis cultivation.

134. Afghanistan's poppy free provinces are in the relatively secure central and northern parts of the country. In 2008, poppy cultivation was further consolidated in areas where the insurgency is strong and government authority is weak, particularly in the south and southwest. The United States, UK, UNODC, ISAF and other major international stakeholders now acknowledge that a symbiotic relationship exists between the insurgency and narcotics trafficking in Afghanistan. The Taliban taxes poppy farmers to fund the insurgency. Traffickers provide weapons, funding, and personnel to the insurgency in exchange for the protection of drug trade routes, poppy fields, and members of their organizations. For their part, narcotics traffickers thrive in the insecurity and absence of governance in areas where the Taliban and other insurgent groups are active. The nexus between militants and narcotics trafficking was vividly illustrated when the Taliban gained control in February 2007 of the Musa Qala district in northern Helmand. When Afghan and coalition troops retook the district nine months later, they found that Taliban governance had deliberately sheltered a flourishing narcotics industry. The full production cycle, from raw opium to finished heroin, was traded in Musa Qala's open narcotics markets, benefiting local traffickers and Taliban tax-collectors alike.

135. The southern province of Helmand continued to be the world's leading producer of opium poppy. In 2008, Helmand cultivated 103,590 hectares of poppy or 66 percent of Afghanistan's total crop. Poppy cultivation has quadrupled in Helmand since 2005 and has almost entirely taken over a once prosperous agricultural region that formerly grew legal crops. Helmand opium production is organized on a large scale, employing thousands of seasonal migrant laborers and supporting cultivation with systems of credit and distribution. Massive amounts of development assistance to Helmand

have not stopped the explosion of poppy cultivation and trafficking there. As the recipient of \$282 million from FY 2002-2008, the Helmand province is one of largest recipients of USAID development assistance in Afghanistan.

¶36. In advance of the 2009 cultivation season, Governor Mangal of Helmand province is implementing a plan to establish a "food and security zone" of 25,000 hectares around Lashkar Gah district in order to allow the extension of governance and development opportunities into a critical area for instability and poppy production. The counternarcotics element of the Helmand plan includes an ongoing counternarcotics public information campaign, seed and fertilizer distribution, and eradication operations within the 25,000 hectare zone. The intention of the plan is to make this defined area completely poppy free, so that licit crops like wheat will be grown instead. The USG-funded Governor Led Eradication (GLE) program and the Poppy Eradication Force (PEF) will work together during the eradication phase of the program to eliminate poppy crops from the "food zone." If successful, the Helmand plan will serve as a model for other provinces in the future.

Drug Flow/Transit:

¶37. Drug traffickers and financiers lend money to Afghan farmers in order to promote drug cultivation in the country. Traffickers buy the farmers' crops at previously set prices or accept repayment of loans with deliveries of raw opium. In many provinces, opium markets exist under the control of regional warlords who also control the illicit arms trade and other criminal activities, including trafficking in persons. Traders sell to the highest bidder in these markets with little fear of legal consequences, and gangsters and insurgent groups tax the trade.

¶38. Drug laboratories operating within Afghanistan process an increasingly large portion of the country's raw opium into heroin and morphine base. This process reduces the bulk of raw opium by one-tenth, which facilitates its movement to markets in Asia, Europe, and the Middle East with transit routes through Iran, Pakistan, and Central Asia. Opiates are transported to Turkey, Russia, and the rest of Europe by organized criminal groups that are often organized along regional and ethnic kinship lines. Pakistani nationals play a prominent role in all aspects of the drug trade along the Afghan/Pakistan border.

¶39. Precursor chemicals used in heroin production must be imported into Afghanistan. Limited police and administrative capacity hampered efforts to interdict precursor substances and processing equipment. Afghan law requires the tracking of precursor substances but the MCN has not created an active registry to record data. Progress in this effort requires the establishment of new laws, a system for distinguishing between licit and potentially illicit uses of dual-use chemicals, and a specialized police unit to enforce the new system. UNODC has established a five-man unit at CNPA that is charged with tracking precursor chemicals.

Domestic Programs/Demand Reduction

¶40. The GIROA acknowledges a growing domestic drug abuse problem, particularly opium and increasingly heroin. In 2005, Afghanistan's first nationwide survey on drug use was conducted in cooperation with UNODC. This survey estimated that Afghanistan had 920,000 drug users, including 150,000 users of opium and 50,000 heroin addicts, with 7,000 intravenous users. An updated report was due to be released in 2008, but has been delayed until 2009. Due to better methodology, this study is expected to show an estimated 2 million drug users in Afghanistan.

¶41. The NDCS includes rehabilitation and demand reduction programs for drug abusers. Given Afghanistan's shortage of general medical services, however, the government can only devote minimal resources to these programs. To address demand reduction needs, the UK and Germany have funded specific demand reduction and rehabilitation programs, although the UK will cease funding their DDR programs in March, 2009 and has asked the US to assume the funding. Feasibility studies on six clinics are currently on-going. The United States currently funds eight, 20-bed residential drug treatment centers in Afghanistan, including the only two residential facilities in the country (Balkh and Kabul Provinces) dedicated to serving female

addicts. In 2008, the United States also supported 26 mosque-based drug education programs, two drop-in centers, five drug prevention/life skills pilot programs in Afghan schools, drug prevention public awareness programs, and a research study on the effects of second-hand opium smoke. In addition, five drop-in centers, formally run by UNODC are being converted into three residential clinics.

IV. U.S. Policy Initiatives and Programs

¶42. Bilateral Cooperation/The Road Ahead. In 2008, the United States continued to enhance its five pillar Afghanistan counternarcotics strategy, which calls for decisive action in the near term and identifies a more extensive array of tactics in all sectors, including:

-- Use a public information campaign to win support for the Afghan government's counternarcotics program. The U.S. Embassy will increase support for radio, print media, and person-to-person outreach campaigns. Particular emphasis will be placed on grassroots, person-to-person community outreach activities which engage local community, religious, and tribal leaders on counternarcotics issues.

-- Attack the problem at the provincial level. The U.S. will expand the Good Performer's Initiative to provide greater financial incentives to governors, including those who succeed in keeping their provinces poppy free. Provincial counternarcotics planning will be integrated with military planning at local commands in key provinces such as Helmand and Kapisa.

-- Engage in a stronger eradication campaign. Until such time as the GIROA approves more efficient and safe methods of eradication, the United States will continue to support the centrally-led PEF program. The PEF and GLE will continue to conduct non-negotiated, manual eradication targeted at large landowners and in areas where it will have the greatest deterrent impact.

-- Develop alternative sources of income to poppy cultivation in rural areas. USAID will continue its comprehensive Alternative Development Program (AD), which in FY 2008 provided approximately 176,000,000 for AD projects in the major opium cultivation areas of Afghanistan. Since late 2006, USAID has implemented a rural finance program that provides credit to farmers and small- and medium-sized enterprises in areas where financial services were previously unavailable.

-- Accelerate narcotics-related investigations, arrests, prosecutions, and incarcerations. In keeping with the overall justice sector strategy pursued jointly by Afghanistan, the United States, and international partners, the United States will expand its training efforts in Afghanistan for provincial and district-level prosecutors during 2009.

-- Destroy drug laboratories and stockpiles. The NIU and the UK-sponsored Afghan Special Narcotics Force (ASNF), in cooperation with the DEA, will continue to target drug labs and seize drug stockpiles.

-- Dismantle drug trafficking/refining networks. DEA will work closely with the CNPA, NIU, and ASNF in pursuing criminal investigations and disrupting the narcotics trade.

¶43. The tables showing the amount of drugs seized for 2008 will be sent via e-mail.